



2010 Media Responsibility Report

GOOD. SMART. BUSINESS. PROFIT.

ETHISPHERE



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“Ethisphere is an influential beacon for both good companies, aspirants and laggards alike. Ethisphere uniquely recognizes that even companies with less than perfect historical corporate citizenship operating records need to have their successes celebrated along the way if they decide to conscientiously improve their ethics, compliance and community practices. Anything else would simply build those companies’ resistance to productive engagement with third parties. It’s this sort of pragmatic approach that actually delivers Ethisphere’s power to influence, and help make and retain these companies as productive members of the corporate citizenship community.”

– Michael Hershman, Co-Founder Transparency International, CEO of Fairfax Group

AN OPEN LETTER TO THE PUBLIC:

We launched Ethisphere's "World's Most Ethical Companies" in 2007 to identify those companies across 35 different industries that demonstrated leading ethical and compliance business practices. We did so because we believed that honoring such companies would both educate and incentivize other organizations to strive for and achieve better ethical and compliance business practices. Based on reactions from the corporate and non-profit sectors, our awards and recognitions have fast become a prominent measurement of companies globally.

In particular, companies realized that they could use ethics to help drive profit and use them as a competitive advantage. Finding this profit is what makes ethics and compliance as business activities sustainable beyond simply being the right thing to do. Indeed, the motto of the Ethisphere Institute is "Good. Smart. Business. Profit."

Moreover, our efforts to identify industry-leading companies hit a nerve that people within business, who study business, and who cover business wanted to discuss. With the economic crisis over the last year and a half, the issue of business ethics became tip-of-tongue across boardrooms, classrooms, newsrooms, and living rooms alike.

Upon publication and beyond our expectations, Ethisphere's "World's Most Ethical Companies" list was immediately placed in peer position alongside other highly-regarded "Ranking Media" lists, such as Fortune's 100 Best Places to Work, Working Mother Best Companies, J.D. Power Recognitions, Dow Jones Sustainability Indexes, and U.S. News & World Report "Bests."

To maximize the list's positive impact, we have decided to issue our first Media Responsibility Report (2010). In this report, we disclose the methodologies, editorial approach, and financial relationships behind the generation of the annual "World's Most Ethical Companies" list. We will publish this report annually in advance of each year's "World's Most Ethical Companies" list so that followers will see firsthand any relationships that honorees have with Ethisphere and its supporters before the honorees are even announced.

We recognize that this report will elicit positive and negative feedback from stakeholders. We hope to use that feedback to improve on the report's structure and nature in future years. By issuing this Media Responsibility Report, we also hope to create (and continue to build upon) a precedent that other media involved in rankings and accreditations will follow. We have researched the processes, methodologies, and disclosure information of other ranking media and have found that this level of disclosure far exceeds that of any other major ranking organization.

We hope you find this report valuable and look forward to continuing our dialogue with our readers, our World's Most Ethical Companies, applicants for that list, and all of those in the ethics and compliance community.

Regards,



Alex Bringham
Executive Director, The Ethisphere Institute



Stefan Linssen
Editor-in-Chief, Ethisphere Magazine

THE ETHISPHERE INSTITUTE

The Ethisphere Institute began five years ago as a compliance and ethics industry educational vehicle sponsored by the corporate compliance and ethics training and consulting firm, Corpedia. As its users grew, it was separated into its own privately-incorporated organization. As of February 28, 2010, Ethisphere maintained the following:

- A daily eBulletin distributed to more than 65,000 subscribers with comprehensive, global insight into legal and ethics issues and developments;
- Over a dozen best-practices whitepapers, benchmarking surveys, and free ‘diagnostics’ on corporate compliance, ethics, and best practices. This includes “How To” guides to doing business ethically in certain countries;
- A quarterly print publication (Ethisphere Magazine) with a circulation of 27,064 qualified and paid subscribers; and
- A comprehensive database of corporate codes of conduct and corporate compliance and ethics programs of 1,263 companies used for benchmarking and other measurement purposes.

With limited exception, Ethisphere has made all of the above available to the public at no charge, relying instead on services, live and webcast events, and sponsorship to help offset operating expenses.

Ethisphere for-fee services include:



Ethics Inside Certification (EIC)

Ethisphere and its partners examine a corporation in-depth and determine whether its compliance and ethics activities are demonstrably better than competitors. Importantly, these companies must have a strong internal culture and institutional history of ethical and compliant behavior.



Compliance Leader Verification (CLV)

Ethisphere and its partners examine a corporation in-depth and determine whether its compliance controls and policies are strong, that the right training and communications are in place to make sure that employees are knowledgeable of these controls and policies, and that the company ensures that they are followed. CLV best applies to companies that have been rebuilding or augmenting their compliance and ethics activities after a breakdown and want demonstrable proof of progress and leadership.

Compliance Due Diligence Certification

Ethisphere assists financial advisors, legal counsel, and other third parties in conducting an in-depth examination of a company’s compliance policies, operations, and management, including verification of the program’s effectiveness.

Ethisphere Advisory Services

Ethisphere offers Advisory Services to companies looking to improve their compliance and ethics programs or to remediate a compliance or ethical breakdown.

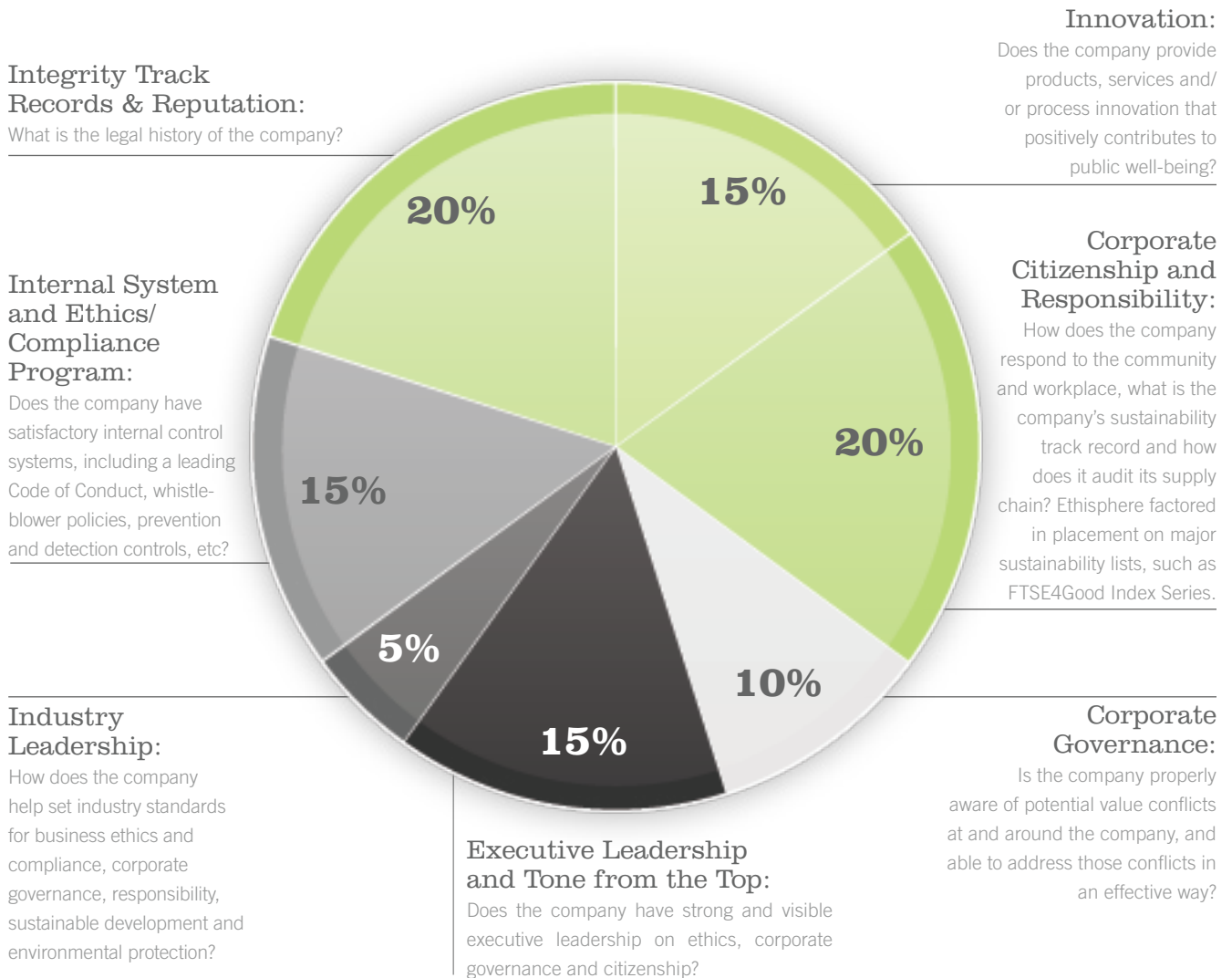
Ethisphere Membership Groups

In addition to the above services, Ethisphere also maintains a membership council of companies that get unlimited access to all of Ethisphere’s educational events and research (the Ethisphere Council) as well as the Business Ethics Leadership Alliance (BELA), a group of leading companies representing over \$1 trillion in annual revenue to promote the use of business ethics as a competitive advantage and help underwrite Ethisphere work. Ethisphere also helped establish and supports the nonprofit Center for Trade Integrity (www.tradeintegrity.org) which is dedicated to helping drive best practices in anticorruption and compliance through supplier and agent communities.

WORLD'S MOST ETHICAL COMPANIES BACKGROUND

The World's Most Ethical Companies list (referred to as "WME") recognizes companies that truly go beyond making statements about doing business "ethically" and translate those words into action. WME honorees demonstrate real and sustained ethical leadership within their industries, putting into real business practice the Institute's credo of "Good. Smart. Business. Profit."

In 2007, Ethisphere assembled an original panel of experts to help create a methodology to measure and rank companies' compliance and ethics activities. At that time, panelists devised a scoring methodology for companies' ethics and compliance programs. Panelists' input included everything from adding/removing criteria, percentage weighting of categories, and processes for verifying information submitted by companies. The final determined weighting was as follows:



Using this weighting, Ethisphere calculates “Ethics Quotient” or “EQ” scores for corporations by evaluating, analyzing and verifying the information provided by companies through questionnaires and by additional independent research by Ethisphere staff. Companies that have demonstrably and statistically superior EQ scores than others in their industry for any given year are awarded the WME designation for that year.

The methodology and weighting have remained virtually unchanged since originally established. However, in response to a changing regulatory landscape, including the proposed 2010 updates to the United States Federal Sentencing Guidelines Section 8b definition of an “effective compliance and ethics program,” Ethisphere is establishing a new panel to update the WME ranking methodology for 2011.

2011 WME Methodology Advisory Panel Members Include:

- Martin Weinstein, *Partner, Willkie Farr & Gallagher*
- Steve Churchwell, *Partner, DLA Piper US LLP*
- Brian Moriarty, *Associate Director for Communications, Business Roundtable Institute for Corporate Ethics*
- Chris Deri, *Head CSR/Sustainability practice, Edelman*
- David Logan, *Co-founder and Executive Director, The Corporate Citizenship Company*
- Alexandra Wrage, *President, TRACE International*
- Marc Le Menestrel, *Professor of Management and Ethics, UPF and INSEAD*
- Beverly Kracher, *Professor, Creighton University*
- Gary D. Anderson, *Shareholder, Greenberg Traurig*
- Michael Hershman, *Co-Founder Transparency International; CEO, Fairfax Group*
- Turney Stevens, *Dean, College of Business, Lipscomb University*

The agenda for the new methodology committee will include discussion as to what an appropriate application fee for 2011’s ranking might be, if any. To date, Ethisphere has never charged for reviewing a company’s application and has provided a free detailed benchmarking report back to each applicant company, regardless of whether that company made the WME. Ethisphere estimates that its staff spent 2,000 hours on preparation, review, analysis, benchmarking and report generation for the 2010 honoree list. The review process is increasingly complex due to the dramatically-increased volume of applicants and the materials they submit.

The closest analogous annual ranking to the WME list is Fortune’s *100 Best Companies to Work For* designation, which charges an upgraded survey/application fee of \$8,775 and an additional \$20,000 for a benchmarking report. Comments for the newly-established 2011 World’s Most Ethical Companies panel can be sent to 2011report@ethisphere.com.

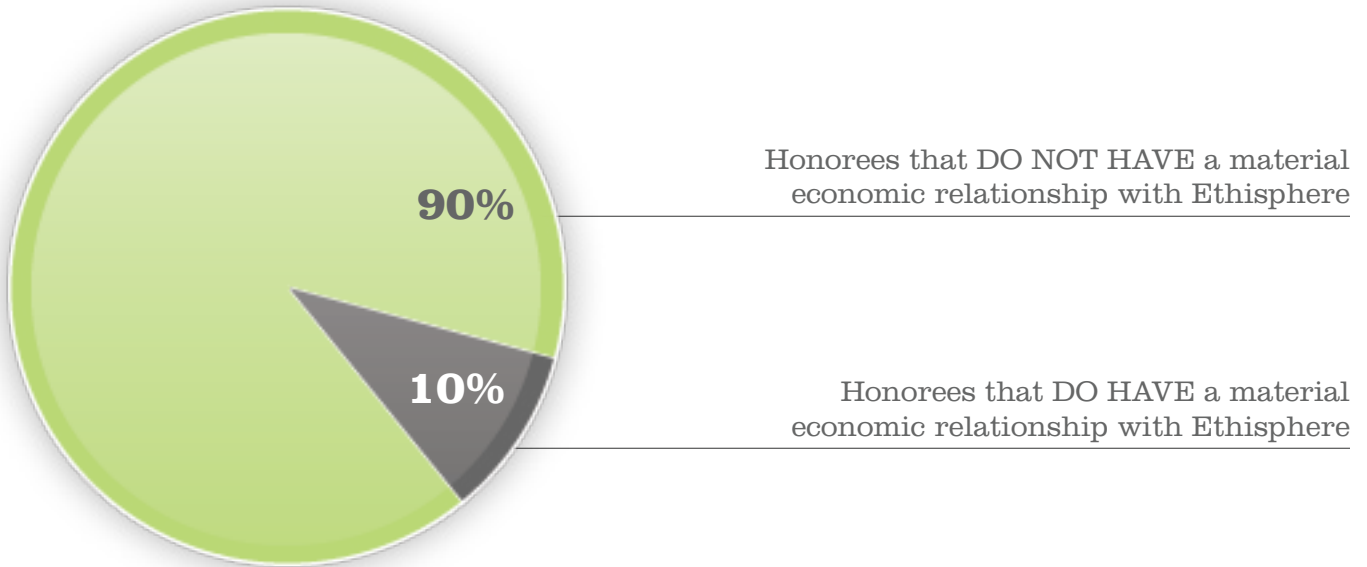
CHANGES IN 2010 WME HONOREES VS. 2009 WME HONOREES

As is customary in years past, there were a number of additions and deletions of companies represented on the 2010 WME ranking versus the prior year. Not only has competition for the honor increased, but there has also been a marked increase in the quality and volume of information disclosed to Ethisphere resulting in even more accurate EQ scores. From 2009 to 2010, there were 25 companies that made the WME which were not on the 2009 list. Of these, two had previously appeared on the WME before 2009, and 23 were first time ever honorees. In addition, 22 companies from 2009’s WME did not make it in 2010.

2010 ETHISPHERE/WME FINANCIAL DISCLOSURE INFORMATION

Of the 100 companies honored in 2010's WME, 10 had a material economic relationship¹ (MER) with Ethisphere.

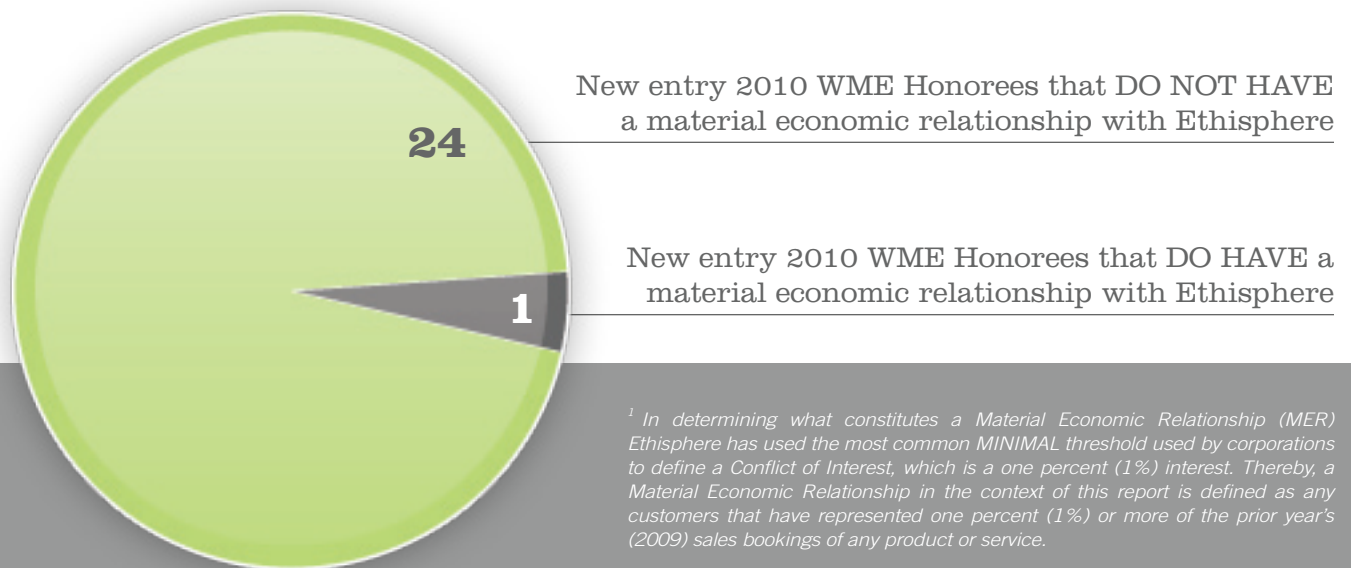
All 2010 WME Honorees vs. Ethisphere Customers



New Entry 2010 WME Honorees vs. Ethisphere Customers

In 2010, there were 25 new additions which were not on the 2009 list. Of these, two had previously appeared on a WME list prior to 2009, and 23 were first time ever honorees. Of these 25 "new addition" companies, only one had a material economic relationship with Ethisphere.

New Entry 2010 WME Honorees vs. Ethisphere Customers



¹ In determining what constitutes a Material Economic Relationship (MER) Ethisphere has used the most common MINIMAL threshold used by corporations to define a Conflict of Interest, which is a one percent (1%) interest. Thereby, a Material Economic Relationship in the context of this report is defined as any customers that have represented one percent (1%) or more of the prior year's (2009) sales bookings of any product or service.

RELATIONSHIP WITH SPONSORS

2009 Significant Sponsors

- Baker & McKenzie
- Corpedia
- Corporate Executive Board
- Daylight Forensics
- Lexis/Nexis
- SCA Americas
- Sodexo
- Thomson/West
- World Bank

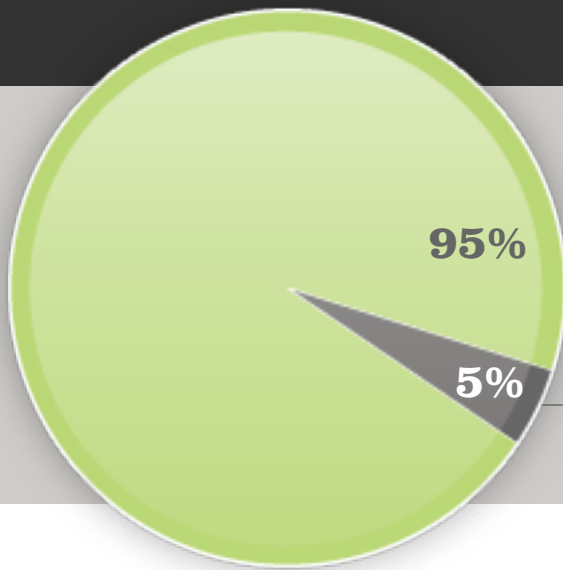
Relationship with Corpedia

The largest supporter of Ethisphere is Corpedia. Corpedia is a leader in global ethics and compliance e-learning, risk assessment, code of conduct services, and other areas of ethics and compliance consulting. To defray expenses, Ethisphere continues to share some resources with Corpedia. This includes office space in New York, NY and Phoenix, AZ. The New York office space is primarily for executive leadership use, business development use, and meetings with clients, NGOs, and government officials. The bulk of Ethisphere's analytic work is conducted at the Phoenix location. Furthermore, certain Corpedia personnel donate their time to Ethisphere on an uncompensated basis, including Corpedia's CEO Alex Brigham, who also serves as Ethisphere's Executive Director.

Despite this limited resource-sharing arrangement, since inception Ethisphere has maintained a strict Chinese Wall between Ethisphere and Corpedia, which has been strictly obeyed and reflects the integrity of Ethisphere's editorial material and opinions. Any Corpedia employee loaned to work on Ethisphere's analyses is prohibited from working on any Corpedia client engagement involving the same companies. Furthermore, Ethisphere neither focuses its editorial content on nor discusses Corpedia or any of its competitors.

Of the 100 companies honored in 2010's WME ranking, five have or had a material economic relationship with Corpedia.

All 2010 WME Honorees vs. Corpedia Customers

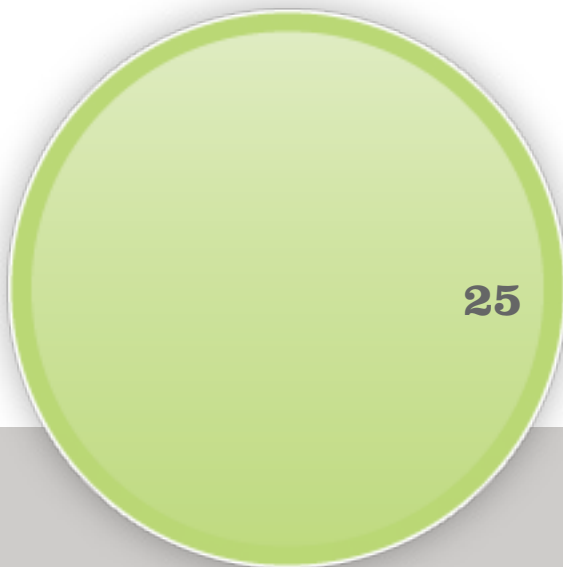


Honorees that DO NOT HAVE a material economic relationship with Corpedia

Honorees that DO HAVE a material economic relationship with Corpedia

New Entry 2010 WME Honorees vs. Corpedia Customers

In 2010, there were 25 new additions which were not on the 2009 list. Of these, 23 were first time ever honorees, and two were companies that had previously appeared on Ethisphere's list, albeit not in the prior year. Of the 25 newcomers, none had a material economic relationship with Corpedia.



No new entry 2010 WME companies had a material economic relationship with Corpedia

That concludes Ethisphere's first Media Responsibility Report. If you have suggestions for how Ethisphere can further improve these disclosures for the 2011 Customer and Ranking Media Responsibility Report, we want to hear. Please email us at: 2011report@ethisphere.com.

